

DEPARTMENT OF HIGHER EDUCATION

Enabling Laws

Act 2124 of 2005
Act 1974 of 2005
Act 2203 of 2005

Act 1705 of 2005
Act 1672 of 2005
Act 39 of 1st Extraordinary Session of 2006

Higher Education financial aid programs as authorized by Arkansas Code Title 6, et al

Higher Education financial aid program fund balances as authorized by Arkansas Code Title 19, et al

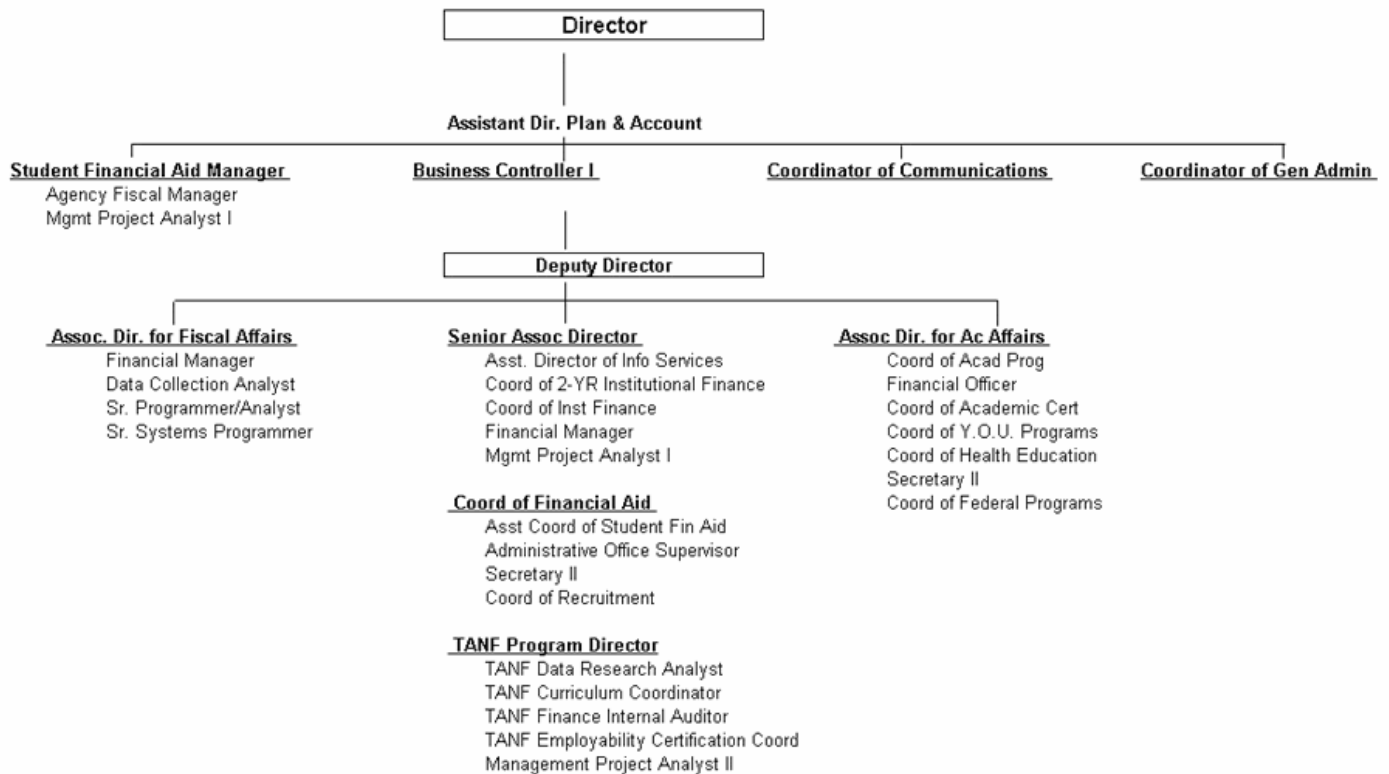
History and Organization

The creation of the Arkansas Department of Higher Education (ADHE), and its predecessor, the Commission on the Coordination of Higher Education Finance, was predicated on the State's need for financial analysis, coordination, and strategic planning for the provision of public higher education in Arkansas. The Arkansas Higher Education Coordinating Board (AHECB) was created by Act 1114 of 1997 which abolished the State Board of Higher Education and transferred its powers, duties and functions to the AHECB which now oversees the Department of Higher Education. The scope of the responsibilities of the ADHE has broadened over the years to include determining the role and scope (mission) of each public institution, approving new academic programs, reviewing existing programs for quality and productivity, and analyzing and reporting all types of institutional and student data. Information is the key commodity used by ADHE to serve the needs of its constituencies-- the Governor, the Legislature, and the people of Arkansas. This information includes data on the financial operations of the colleges and universities, statistics about the students who enroll and how they are progressing at these institutions, and information used to provide financial aid to approximately 14,500 Arkansas college students.

ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions to meet these monitoring and service obligations. Over the years, the Governor and the Legislature have given the Department increased responsibility to monitor and report on the academic and fiscal operations of public colleges and universities. This has included gubernatorial and legislative mandates to establish a statewide higher education information system with individual data on every enrolled student at public or private colleges and universities and all faculty members at the public colleges and universities. ADHE also maintains data on all recipients of financial aid programs managed by ADHE, whether attendance is at a public or private institution.

The mission of the Arkansas Department of Higher Education is to advocate for higher education; to promote a coordinated system of higher education in the State; and to provide for the orderly and effective development of each of the publicly and locally supported institutions of higher education in the state - all geared toward improving the delivery of higher education services to the citizens of Arkansas.

Reporting Structure



Agency Commentary

The creation of the Arkansas Department of Higher Education (ADHE), and its predecessor, the Commission on the Coordination of Higher Education Finance, was predicated on the State's need for financial analysis, coordination, and strategic planning for the provision of public higher education in Arkansas. The scope of the responsibilities has broadened over the years to include determining the roles and scope (mission) of each public institution, approving new academic programs, reviewing existing programs for quality and productivity, and analyzing and reporting all types of institutional and student data. Information is the key commodity used by ADHE to serve the needs of its constituencies- -the Governor, the Legislature, and the people of Arkansas. This information includes data on the financial operations of the colleges and universities, statistics about the students who enroll and how they are progressing at these institutions, and information used to provide financial aid to over 15,000 Arkansas college students.

ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions to meet these monitoring and service obligations. Over the years, the Governor and the Legislature have given the Department increased responsibility to monitor and report on the academic and fiscal operations of public colleges and universities. This has included gubernatorial and legislative mandates to establish a statewide higher education information system with individual data on every enrolled student and all faculty positions.

The following define the Department's priorities for the 2007-2009 biennium. Each is designed to either restore or maintain capabilities of the agency to meet continuing mandates of the Governor and the Legislature for effective coordination of Arkansas higher education.

Agency Operations/Provision of Basic Services to Governor, Legislature, & Higher Education Institutions

A. Salary/Matching: A total of \$136,951 each year is requested in appropriation and funding for Salary and associated Personal Services Matching costs for restoration of:

- A General Counsel position at a cost of \$110,020 in Regular Salaries and associated Personal Services Matching support each year. This position will provide an Attorney to represent, advise and provide legal guidance to the Department.
- A Grade 13 Secretary II position at a cost of \$26,931 in Regular Salaries and associated Personal Services Matching support each year. This position will be used to assist with processing additional academic program reviews and management of financial aid applications and to support the growing administrative functions of the agency.

B. Operating Expenses: The Arkansas Department of Higher Education is requesting an appropriation increase of \$20,000 for the first year and \$25,000 for the second year of the biennium. The lease the Department has on the current building space ends June 30, 2007. The current lease was negotiated two years ago. With the increase in energy costs and general inflationary increases, it is anticipated that facility lease costs will increase at that time. The building serves the Department's needs and, upon consideration of costs associated with relocation, ADHE feels the increase in lease costs is justifiable and less costly than other alternatives. **This request is for appropriation and funding.**

C. Capital Outlay: The Department is requesting restoration of the current FY07 Authorized appropriation level of \$13,000 plus an additional appropriation request of \$7,000 for a total of \$20,000 for each year of the biennium. This appropriation is based on the increased requirements for the Department to purchase and maintain network servers and printers. Information has become a key commodity used by ADHE to serve the needs of its constituencies. ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions. The Department has added additional hardware to host web sites and student servers to comply with new State laws and programs. The Department now operates six student servers for such programs as well as the Academic Challenge, Governor's Scholar, and Credit Transfer Programs. The Department's Technology plan calls for the replacement of one server and one network printer each year. **This request is for appropriation and funding.**

D. Grants and Aid: Change Levels of \$5,000 each year are requested above Base Level for the Grants & Aids line item. The Youth Opportunities Unlimited Program (Y.O.U.) is a statewide comprehensive youth intervention program designed to encourage economically disadvantaged youth to remain in high school and graduate. The key to this successful program is the six-week residential summer camp component that focuses on academics, work experience, and year round follow-up activities. This grant will be used to provide scholarship opportunities to youth from across the State to participate in this most worthwhile program. The scholarship funds are paid to the institutions of higher education hosting the

campus. **This request is for appropriation and funding.**

Financial Aid Programs to Students

Based on 2000 U.S. Census data, Arkansas is 48th in the U.S. in the number of college graduates per capita and 47th in per capita income. These two are inextricably linked -- higher education attainment is highly correlated with economic development at the state, county, and individual levels. A major factor in Arkansas' low standing is low retention and low graduation rates. Arkansas can greatly benefit from an increased investment in human capital. The payoff will be immediate through continued increases in earning capacity, taxes paid, and workforce productivity. There will also be medium- and long-term improvements in the health of Arkansas, attractiveness to industry, reduced crime, and improved quality of life.

A. Second Effort Scholarships: The Second Effort Scholarship was established to recognize the importance of a high school education and to encourage those who successfully pass the Arkansas High School Diploma test to enroll and pursue post secondary academic goals. Scholarships are awarded to those achieving the ten highest scores on the Arkansas High School Diploma test. This scholarship is renewable annually for up to three years provided eligibility standards are maintained. We currently have 20 recipients for this program. **In order to award new recipients in the years to come, we feel it necessary to increase the appropriation to a total of \$30,000 the first year of the biennium and \$40,000 the second year.** The program awards up to 10 new recipients a year with an annual award of up to \$1,000. In order to secure funding each year for all eligible students, we project that an increase of \$10,000 (10 students x \$1,000) is necessary for each fiscal year of the biennium. **This request is for appropriation only.**

B. Military Dependent POWS, MIAS, KIAs: The Military Dependents Scholarship (MDS) provides tuition and fees at any state supported college, university, or technical institute for the dependents of any person who was a resident of the State of Arkansas at the time the person entered the service of the United States armed forces and who, while serving in the armed forces, has been declared to be a prisoner of war, missing in action or killed in action. In 2005-06, this program served 22 students and expended approximately \$74,047. We project that in 2006-07, the number of eligible applicants will increase to 35 students. Changes in eligibility requirements authorized by the 85th General Assembly have allowed more students to be eligible. In order to serve all eligible students, we feel that an increase in appropriation is necessary. **We propose to increase the appropriation to \$250,000 each year of the new biennium.** This number is based on projected growth of a total of 62% over the next biennium to serving 72 students at an average tuition cost of \$3,500. **This request is for appropriation only.**

C. Law Enforcement Officers Dependents (LEO): The LEO Program provides scholarships to children or spouses of law enforcement officers who have been killed or permanently disabled in the line of duty. This program is an entitlement and recipients are granted this scholarship by being deemed eligible by the Arkansas State Claims Commission. In 2005-06, the LEO Program provided college tuition assistance of \$169,090 for 29 students. We expect a growth in eligible applicants of 20% to 35 students in the 2006-07 fiscal year and a continued growth of 20% to 41 students over the next biennium. In order to secure

funding for all eligible students, we feel that an increase in appropriation is necessary. **We propose to increase the appropriation to \$250,000 each fiscal year of the new biennium.** This number is based on serving 41 students at an average tuition cost of \$6,000. **This request is for appropriation only.**

D. Targeted Teacher Development Program: ADHE requests changing the title of the Targeted Teacher Development Program to the State Teacher Assistance Resource Program (STAR) pursuant to A.C.A. § 6-81-1501 and § 6-81-1403. This Program is designed to provide scholarships to students who are pursuing a course of study leading to teacher licensure in a designated subject or placement in a geographical critical shortage area of the State. Students may receive the scholarship for up to three years or until such time as licensure requirements are met. The recipient will receive \$3,000 per year by committing to teach in a public school located in underserved area of the State or teaching a subject matter deemed to be in critical need. A recipient who commits to meeting both criteria will receive \$6,000 a year in scholarship funding. The first awards were made for the 2004-05 academic year and served 231 students. In 2005-06 the number of recipients grew by 62% to 375 recipients. We expect to continue to see growth in 2006-07 and into the next biennium. **ADHE proposes to continue a step increase in appropriation from \$2.5 million in 2006-07 to \$3 million in 2007-08 and \$3.5 million in 2007-2009. This request coupled with an additional request to transfer appropriation from the Emergency Secondary Education Loans Program (described below) will bring the total request for this program to \$3,081,717 for FY08 and \$3,581,717 for FY09. This request is for appropriation only.**

E. Emergency Secondary Education Loans: Act 1804 of 2003 repealed the Emergency Secondary Education Loan Program and created the State Teacher Assistance Resource Program (STAR). The Act further authorized the use of the funds appropriated to the program to be used by the newly created STAR Program. **The Department requests a transfer of appropriation and funds (\$81,717 each year) from the Emergency Secondary Education Loan Program to the State Teacher Assistance Resource (STAR) Program consistent with the provisions of Act 1804 of 2003.**

F. Teacher and Administrator Grant Program: The Teacher and Administrator Enhancement and Retraining Grant Program was repealed by Act 2196 of 2005. **The Department requests that the appropriation for this program be retitled Teacher Opportunity Program to reflect the change in A.C.A. § 6-81-602. Continuation of Base Level is requested for each year of the new biennium.**

Higher Education Building Maintenance Fund

The Department is requesting a biennial appropriation amount of \$645,826 for the 2007-2009 biennium for the maintenance of facilities at the institutions of higher education. A sum of \$13.2 million has been deposited to the Higher Education Building Maintenance Fund. Section 14 of Act 2124 of 2005 states that once this level has been reached that all collections made thereafter are to be transferred to the Higher Education Research Development Fund. This appropriation will allow the balance of funds deposited in the Higher Education Building Maintenance Fund to be distributed. Funding for this

appropriation is from proceeds from the sale or lease of minerals, oil and gas on military and non-military federal land located in the State and is used for critical maintenance needs for Educational and General (E&G) buildings of institutions of higher education.

Research Development Fund

The Department is requesting restoration of the current biennial appropriation amount of \$2,000,000 for the 2007-2009 biennium for the Arkansas Research Development Program for provision of research grants to applicable institutions of higher education. Funding for this program will be transferred from the Higher Education Building Maintenance Fund in accordance with Section 19 of Act 1180 of 1999. Funding is from proceeds from the sale or lease of minerals, oil and gas on military and non-military federal land in Arkansas. Funds for the administration and operation of this program shall be transferred from the Higher Education Building Maintenance Fund.

Technical Education - Federal Programs (Perkins)

The Department requests an appropriation increase of \$66,573 for Professional Fees for a total of \$140,290 each year. The total appropriation requested for this program is \$404,135 each year of the new biennium. The Carl D. Perkins Vocational and Technical Education Act requires each state to "establish a state performance accountability system to assess the effectiveness of vocational and technical education." This request includes support for multiple model project/pilot projects to be implemented to meet state leadership requirements. The purpose of the model projects is to encourage the implementation of new and innovative programs for career and technical education. Perkins will request proposals from postsecondary institutions receiving Perkins funding so specific projects to be funded are unknown at this time. However, based upon the type projects Perkins will seek, it is likely that the projects will use consultants to develop a program or provide a service. Potential projects include implementation of learning communities, development of retention strategies, creation of an online resource center, process mapping to identify gaps in support services for technical students, development of a leadership academy for faculty, and creation of a performance-based instruction design model.

TANF-Career Pathways

The Department requests appropriation in order to continue the federally funded program of educational and training services to recipients deemed eligible under provisions of the State's Temporary Assistance to Needy Families (TANF) Block Grant. Under these guidelines, all recipients of TANF funds as approved by the Arkansas Transitional Employment Board (TEB) are eligible to receive "educational activities designed to increase self-sufficiency & job training skills". The Department works with the Arkansas Association of Two-Year Colleges (AATYC) to coordinate services to eligible recipients attending selected two-year institutions. The initiative began in March, 2005 and served more than 2,000 participants in fiscal year 2006. More than 500 of these participants have received certificates or degrees since entering the program. Program leadership and administrative oversight for this project is provided by ADHE. Central administrative personnel associated with this program are housed in facilities provided by ADHE and are needed to implement planning and implementation of the "Career

Pathways Initiative". **Continuation of positions and other program costs currently established through the Miscellaneous Federal Grant process are requested in the amount of \$12,503,999 for each year of the 2007-09 biennium.**

Elementary Science Specialist Program

Act 39 of the First Extraordinary Session of 2006 provides an appropriation to the Department of Higher Education for the Elementary Science Specialist Program for fiscal year ending June 30, 2007. This program authorizes ADHE to award grants to various institutions of higher education for Elementary Science Education initiatives and is currently funded from the Higher Education Grants Fund Account. **This appropriation is not requested to be continued for the 2007-09 biennium.**

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF HIGHER EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	11	20	31	74 %
Black Employees	0	10	10	24 %
Other Racial Minorities	0	1	1	2 %
Total Minorities			11	26 %
Total Employees			42	100 %

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
A-Book Operating & Capital	ACA 6-61-209	Y	Y	250	Presents biennial recommendations for each institution.
Agenda Books	ACA 6-61-202	N	N	80	Provides notice of higher education issues to be addressed by AHECB.
AR Academic Cost Accounting	ACA 6-61-222	N	Y	200	Reflects cost of each academic program provided to Board and ALC - Interim Committees.
AR Challenge Scholarships	ACA 6-82-1004	N	N	40,000	Sent to high schools and, upon request, to students for informational purposes.
Athletic Costs & Revenues	ACA 6-62-106	N	Y	100	Presented to AHECB and Joint Audit Committee annually.
B-Book - Personal Services	ACA 6-61-209	Y	Y	250	Presents biennial recommendations for institutional personal services & positions.
Degrees Awarded	ACA 6-61-206	N	N	200	Available on web site - distributed for informational purposes upon request to higher educ community & others.
Fact Book	ACA 6-61-202	Y	Y	250	Historical reference - information also provided to institutions.
Financial Aid Guide	ACA 6-82-1004	N	N	40,000	Sent to high schools and students and counselors and guidance officers.
Financial Prgms. Handbook	ACA 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.
Governor's Scholars	ACA 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.
Health Education Grants	Acts 1180 of 99 & 1612 of 01	N	Y	25	Provides student information for those receiving grants & their return rates.
Impact of Scholarship Prgms. Scholarship Progs	ACA 6-82-104	N	Y	1	Assesses the impact of scholarship programs and reported to Council annually.
Legislative Summary	ACA 6-61-202	Y	Y	50	Provides information on legislation affecting higher education
Minimum Core Curriculum	ACA 6-53-205 & 6-61-218	N	N	256	For informational purposes, copies are distributed to each public institution of higher education.

Retention & Graduation	ACA 6-61-220	N	N	0	Appears annually in AHECB agenda book published & distributed quarterly to Board, Governor, Institutions
Student Enrollments	ACA 6-61-206	N	N	5	Available on web site - distributed for informational purposes to higher educ community & others.
Student Semester Credit & FTE	ACA 6-61-206	N	N	5	On Web site - Distributed upon request for informational purposes to Higher Education community & others.
Type Amount Compensation for Monetary Losses of Students call into Military Service	A.C.A. 6-61-112	N	Y	100	Mandated for House Interim Committee on Aging, Children and Youth, Legislative and Military Affiars and Senate Interim Committee on Children and Youth beginning October 1, 2006

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
153 General Operations	2,999,792	38	3,237,736	38	3,739,292	40	3,424,256	40	3,424,256	40	3,430,265	40	3,430,265	40
156 Research Dev Program Grants	0	0	0	0	0	0	2,000,000	0	2,000,000	0	0	0	0	0
160 State Scholarship-Federal	190,229	0	185,000	0	520,000	0	185,000	0	185,000	0	185,000	0	185,000	0
170 Higher Ed Bldg Maintenance	1,299,986	0	0	0	0	0	645,826	0	645,826	0	0	0	0	0
197 Student Asst Grants/Scholarships	32,471,586	0	50,195,783	0	50,195,783	0	51,010,783	0	51,010,783	0	51,520,783	0	51,520,783	0
1GF Improving Teacher Quality	1,059,700	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0
2XK TANF	4,226,845	6	12,499,600	6	0	0	12,503,999	6	12,503,999	6	12,503,999	6	12,503,999	6
4HU Elementary Science Spec Prgm	0	0	570,303	0	570,303	0	0	0	570,303	0	0	0	570,303	0
772 Teacher Educ-Fed Programs	201,129	2	341,603	2	363,974	2	404,135	2	337,562	2	404,135	2	337,562	2
921 Dept Higher Educ - Cash in Treas	0	0	4,380	0	4,380	0	4,380	0	4,380	0	4,380	0	4,380	0
HEG Health Education Grants	3,194,804	0	3,776,547	0	3,776,547	0	3,776,547	0	3,776,547	0	3,776,547	0	3,776,547	0
Total	45,644,071	46	72,376,210	46	60,735,537	42	75,520,184	48	76,023,914	48	73,390,367	48	73,894,097	48

Funding Sources		%		%		%		%		%		%		%
Fund Balance	4000005	29,396,776	34.6	39,436,785	37.6	31,735,275	31.9	31,735,275	31.8	23,931,544	26.9	23,931,544	26.8	
General Revenue	4000010	6,115,308	7.2	6,869,958	6.6	7,059,403	7.1	7,032,472	7.0	7,065,412	7.9	7,038,481	7.9	
Federal Revenue	4000020	5,677,903	6.7	14,591,461	13.9	14,658,392	14.7	14,591,819	14.6	14,658,392	16.5	14,591,819	16.3	
Cash Fund	4000045	167	0.0	0	0.0	3,738	0.0	3,738	0.0	4,380	0.0	4,380	0.0	
Trust Fund	4000050	1,057,359	1.2	0	0.0	2,645,826	2.7	2,645,826	2.6	0	0.0	0	0.0	
Merit Adjustment Fund	4000055	0	0.0	3,277	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Educational Excellence Fund	4000220	12,016,749	14.1	12,893,345	12.3	12,893,345	13.0	12,893,345	12.9	12,893,345	14.5	12,893,345	14.4	
Gen Rev Higher Ed Grants	4000258	30,737,306	36.1	30,884,652	29.5	30,314,349	30.5	30,884,652	30.9	30,314,349	34.1	30,884,652	34.5	
HEG Fund Transfers/Adjust.	4000280	79,288	0.1	81,048	0.1	81,400	0.1	0	0.0	81,400	0.1	0	0.0	
Institution Certification Fees	4000297	0	0.0	60,000	0.0	60,000	0.0	60,000	0.2	60,000	0.0	60,000	0.1	
Transfer from Trust Fund	4000595	63,215	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Transfer To Trust Fund	4000681	(63,215)	(0.1)	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Total Funds		85,080,856	100.0	104,820,526	100.0	99,451,728	100.0	99,847,127	100.0	89,008,822	100.0	89,404,221	100.0	
Excess Appropriation/(Funding)		(39,436,785)		(32,444,316)		(23,931,544)		(23,823,213)		(15,618,455)		(15,510,124)		
Grand Total		45,644,071		72,376,210		75,520,184		76,023,914		73,390,367		73,894,097		

The difference between the FY07 ending fund balance and the beginning FY08 fund balance is \$709,041. These funds are Trust funds not carried forward into the new biennium due to the fact that the AR Higher Education Coord Board (AHECB) may choose to distribute these funds to applicable institutions at any point.

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Agency Position Usage Report

FY2004-2005						FY2005-2006						FY2006-2007					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
35	42	-2	40	-5	-20.00%	42	45	1	46	-4	-7.14%	42	42	4	46	-4	0.00%

Analysis of Budget Request

Appropriation: 153 - General Operations

Funding Sources: HQA - Dept. of Higher Education - State

The Arkansas Department of Higher Education (ADHE) requests a total of \$3,424,256 for FY2008 and \$3,430,265 for FY2009 for General Operations. ADHE utilizes this appropriation to meet costs associated with general administrative functions tied to the specific mission of the agency. This appropriation is primarily funded by general revenue payable from the Department of Higher Education Fund Account (HQA).

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

Of the amounts requested for General Operations, \$181,951 for FY2008 and \$186,951 for FY2009 in appropriation and funding are requested as Changes Levels as follows:

- For personal services, a total of \$136,951 each year is requested for Regular Salaries and associated Personal Services Matching costs for restoration of:
 - a Grade 13 Secretary II position at a cost of \$26,931 in Regular Salaries and associated Personal Services Matching support each year. This position will be used to assist with processing additional academic program reviews and management of financial aid applications.
 - A DHE General Counsel position at a cost of \$110,020 in Regular Salaries and associated Personal Services Matching support each year. This request will provide ADHE with an Attorney to represent, advise and provide legal counsel to the Department.
- For Operating Expenses, Change Levels of \$20,000 for FY2008 and \$25,000 for FY2009 are requested to meet anticipated increases in facility rental costs.
- ADHE also requests \$20,000 each year in appropriation and funding for Capital Outlay to fully restore Authorized Level and to meet plans to replace the Agency's aging computer mainframe and servers. According to ADHE, should these servers crash, the ability of ADHE to meet data demands placed on them by the Governor, Legislature, institutions of higher education, and the citizens of Arkansas would be severely hampered. This request is consistent with ADHE's Technology Plan on file with the Office of Information Technology.
- Change Levels totaling \$5,000 each year are also requested for the Grants and Aids line item. This request restores Authorized Level. According to ADHE, this request will provide continued assistance and encouragement to economically disadvantaged youth to stay in high school and graduate through the provision of scholarship opportunities.

The Executive Recommendation for new general revenue above the Base Level is:

- \$20,000 for FY08 and \$25,000 for FY09 for facility rental costs.

- \$20,000 each year for equipment replacement.
- \$5,000 each year for Grants and Aids to enhance scholarship opportunities for youth.
- \$110,020 each year in Regular Salaries and associated Personal Services Matching costs for the Grade 99 General Counsel position. The Secretary II position is recommended in appropriation only. Also, applicable special language authorizing fund transfers for the fund support of the Higher Education Coordinator of Recruitment position for the 2007-09 biennium is recommended to be deleted.

In summary, the Executive Recommendation provides for new general revenue above Base Level of \$155,020 for FY08 and \$160,020 for FY09.

Appropriation Summary

Appropriation: 153 General Operations
Funding Sources: HQA - Dept. of Higher Education - State

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,874,240	2,035,247	2,422,847	2,035,247	2,142,150	2,142,150	2,035,247	2,142,150	2,142,150
#Positions		38	38	40	38	40	40	38	40	40
Extra Help	5010001	11,811	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
#Extra Help		3	7	7	7	7	7	7	7	7
Personal Services Matching	5010003	489,805	554,675	617,254	569,244	599,292	599,292	570,253	600,301	600,301
Operating Expenses	5020002	522,337	497,814	531,191	497,814	517,814	517,814	497,814	522,814	522,814
Conference & Travel Expenses	5050009	29,854	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Professional Fees	5060010	3,750	15,000	25,000	15,000	15,000	15,000	15,000	15,000	15,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	55,648	70,000	75,000	70,000	75,000	75,000	70,000	75,000	75,000
Capital Outlay	5120011	12,347	10,000	13,000	0	20,000	20,000	0	20,000	20,000
Total		2,999,792	3,237,736	3,739,292	3,242,305	3,424,256	3,424,256	3,243,314	3,430,265	3,430,265
Funding Sources										
General Revenue	4000010	2,920,504	3,093,411		3,100,905	3,282,856	3,255,925	3,101,914	3,288,865	3,261,934
Merit Adjustment Fund	4000055	0	3,277		0	0	0	0	0	0
HEG Fund Transfers/Adjust.	4000280	79,288	81,048		81,400	81,400	0	81,400	81,400	0
Institution Certification Fees	4000297	0	60,000		60,000	60,000	60,000	60,000	60,000	60,000
Total Funding		2,999,792	3,237,736		3,242,305	3,424,256	3,315,925	3,243,314	3,430,265	3,321,934
Excess Appropriation/(Funding)		0	0		0	0	108,331	0	0	108,331
Grand Total		2,999,792	3,237,736		3,242,305	3,424,256	3,424,256	3,243,314	3,430,265	3,430,265

Funding for support of the HE Coord of Recruitment position for the 2005-07 biennium is made from fund transfers from the Higher Education Grants Fund pursuant to Section 28 of Act 2124 of 2005. The Executive Recommendation reflects deletion of this fund transfer language for each year of the 2007-09 biennium.

Change Level by Appropriation

Appropriation: 153-General Operations

Funding Sources: HQA - Dept. of Higher Education - State

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	3,242,305	38	3,242,305	100.0	3,243,314	38	3,243,314	100.0
C01	Existing Program	161,951	2	3,404,256	104.9	166,951	2	3,410,265	105.1
C08	Technology	20,000	0	3,424,256	105.6	20,000	0	3,430,265	105.7

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	3,242,305	38	3,242,305	100.0	3,243,314	38	3,243,314	100.0
C01	Existing Program	161,951	2	3,404,256	104.9	166,951	2	3,410,265	105.1
C08	Technology	20,000	0	3,424,256	105.6	20,000	0	3,430,265	105.7

Justification

C01	The requested Salary and Personal Services Matching appropriation associated with the restoration of a Secretary II position is critical to support the agency in meeting mandates and statutory requirements. This position will also be used to assist with processing additional academic program reviews and management of financial aid applications. The growth of current programs of the Department combined with new programs make it essential for the Department to have an Attorney that can assist the Department in ensuring compliance with all State and Federal laws, rules, and procedures. This is particularly important in the area of Financial Aid with all the grant awards, contracts and other areas related to the administration of both State and Federal Programs. The request for an increase in Operating Expenses is directly related to the lease on the building the Department currently occupies. With the increase in energy costs and inflation, it is anticipated that facility lease costs will increase substantially. The current building serves the Department's needs, and considering the cost of relocating and finding comparable space, the Department feels the increase in the lease is justifiable and will be less than relocation. The Grants and Aid request is for the Youth Opportunities Unlimited Program. The key to the Y.O.U. program is the six-week residential summer camp component that focuses on academics, work experience, and year-round follow-up activities. This increase will help insure the growing number of participants can be served by providing scholarship opportunities and critical follow up activities.
C08	The Department has added additional hardware to host web sites and student servers to comply with new State laws and programs as well as handle the growth of current programs. The Department now operates six student servers for such programs and the Academic Challenge, Governor's Scholars, and the Statewide Credit Transfer System, added by Act 672 of 2005. The Department's Technology plan calls for the replacement of one server and one network printer each year and this request will allow the Department to meet the objectives of the Information Technology plan.

Analysis of Budget Request

Appropriation: 156 - Research Dev Program Grants

Funding Sources: THD - Dept. of Higher Education - Trust

The Arkansas Department of Higher Education requests a 2007-2009 biennial appropriation of \$2,000,000 for the Arkansas Research Development Program. This program provides Arkansas Research Development Program Grants to institutions of higher education for development of scientific research capability per Arkansas Code § 6-61-807. Any available funding for this program would be transferred from the Higher Education Building Maintenance Fund in accordance with Act 2124 of 2005. Revenues in the Higher Education Building Maintenance Fund accumulate from the sale or lease of minerals, oil, gas, etc. on military and non-military federal lands located within the State of Arkansas.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 156 Research Dev Program Grants
Funding Sources: THD - Dept. of Higher Education - Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	0	0	0	0	2,000,000	2,000,000	0	0	0
Total		0	0	0	0	2,000,000	2,000,000	0	0	0
Funding Sources										
Fund Balance	4000005	0	63,215		0	0	0	0	0	0
Trust Fund	4000050	0	0		0	2,000,000	2,000,000	0	0	0
Transfer from Trust Fund	4000595	63,215	0		0	0	0	0	0	0
Total Funding		63,215	63,215		0	2,000,000	2,000,000	0	0	0
Excess Appropriation/(Funding)		(63,215)	(63,215)		0	0	0	0	0	0
Grand Total		0	0		0	2,000,000	2,000,000	0	0	0

ADHE requests continuation of the current biennial authorization of \$2 million for the 2007-09 biennium. The ending FY07 fund balance of \$63,215 is not carried forward into the 2007-09 biennium since these funds may be distributed at any point by ADHE to various institutions of higher education.

Per Section 14 of Act 2124 of 2005, after the sum of \$13.2 million is deposited into the Building Maintenance Fund, all collections thereafter are to be transferred to the Research Development Fund.

Change Level by Appropriation

Appropriation: 156-Research Dev Program Grants
Funding Sources: THD - Dept. of Higher Education - Trust

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C01	Existing Program	2,000,000	0	2,000,000	100.0	0	0	0	x

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C01	Existing Program	2,000,000	0	2,000,000	100.0	0	0	0	100.0

Justification

C01 The Department is requesting restoration of the current biennial appropriation amount of \$2,000,000 for the 2007-09 biennium to provide Arkansas Research and Development Program grants to institutions of higher education in Arkansas. Funding for the grants will be transferred from the Higher Education Building Maintenance Fund in accordance with Section 14 of Act 2124 of 2005. Funding is from proceeds from the sale or lease of minerals, oil and gas on military and non-military federal land in Arkansas.

Analysis of Budget Request

Appropriation: 160 - State Scholarship-Federal

Funding Sources: FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education requests Base Level of \$185,000 for each year of the 2007-09 biennium for the federal share of the Workforce Improvement Grants Program, which is the State's only purely need-based financial aid program. This appropriation is funded entirely from federal revenue received from the U.S. Department of Education.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 160 State Scholarship-Federal
Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	190,229	185,000	520,000	185,000	185,000	185,000	185,000	185,000	185,000
Total	190,229	185,000	520,000	185,000	185,000	185,000	185,000	185,000	185,000
Funding Sources									
Federal Revenue 4000020	190,229	185,000		185,000	185,000	185,000	185,000	185,000	185,000
Total Funding	190,229	185,000		185,000	185,000	185,000	185,000	185,000	185,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	190,229	185,000		185,000	185,000	185,000	185,000	185,000	185,000

Analysis of Budget Request

Appropriation: 170 - Higher Ed Bldg Maintenance

Funding Sources: THE - Dept. of Higher Education - Trust

The Arkansas Department of Higher Education is requesting a biennial Change Level appropriation request of \$645,826 for the Maintenance of Various Buildings Program for the 2007-2009 biennium. Funding is provided from the proceeds of the sale or lease of minerals, oil, and gas on public lands within Arkansas per Arkansas Code §19-7-801 and §19-7-802. The funds that accrue to the Higher Education Building Maintenance Fund are brought forward from year to year and may be distributed periodically to various institutions of higher education by the Arkansas Higher Education Coordinating Board (AHECB) for meeting costs associated with various approved building maintenance projects.

Section 14 of Act 2124 of 2005 states that once the sum of \$13.2 million has been deposited into the Higher Education Building Maintenance Fund, all such funds collected thereafter shall be deposited into the Building Maintenance Fund and immediately transferred into the Research Development Fund. This threshold was met in FY06. At the current time, a total of \$645,826 remains in the Building Maintenance Fund for funding of maintenance projects at institutions. In the event the AHECB does not approve a distribution of these funds for FY07, ADHE requests appropriation levels for the new biennium equal to funds remaining to be distributed.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 170 Higher Ed Bldg Maintenance
Funding Sources: THE - Dept. of Higher Education - Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	1,299,986	0	0	0	645,826	645,826	0	0	0
Total	1,299,986	0	0	0	645,826	645,826	0	0	0
Funding Sources									
Fund Balance 4000005	951,668	645,826		0	0	0	0	0	0
Trust Fund 4000050	1,057,359	0		0	645,826	645,826	0	0	0
Transfer To Trust Fund 4000681	(63,215)	0		0	0	0	0	0	0
Total Funding	1,945,812	645,826		0	645,826	645,826	0	0	0
Excess Appropriation/(Funding)	(645,826)	(645,826)		0	0	0	0	0	0
Grand Total	1,299,986	0		0	645,826	645,826	0	0	0

ADHE requests a biennial appropriation of \$645,826 for the 2007-09 biennium. The ending FY07 fund balance of \$645,826 is not carried forward into 2007-09 since these funds may be distributed at any point by ADHE to various institutions of higher education.

Since deposits to this fund have exceeded \$13.2 million, the sum of \$63,215 transferred in FY06 (and all future collections) will be transferred to the Research Development Fund per Section 14 of Act 2124 of 2005.

Change Level by Appropriation

Appropriation: 170-Higher Ed Bldg Maintenance
Funding Sources: THE - Dept. of Higher Education - Trust

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C01	Existing Program	645,826	0	645,826	100.0	0	0	0	x

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C01	Existing Program	645,826	0	645,826	100.0	0	0	0	100.0

Justification

C01 This appropriation will allow the balance of the Higher Education Building Maintenance Fund to be distributed during the 2007-09 biennium. Section 14 of Act 2124 of 2005 states that once \$13.2 million has been deposited to the fund, all collections made thereafter are to be transferred to the Higher Education Research Development Fund. This appropriation will allow the balance of funds deposited in the Higher Education Building Maintenance Fund to be distributed. Funding for this appropriation is from proceeds from the sale or lease of minerals, oil and gas on military and non-military federal land located in the state and is used for critical maintenance needs for educational and general (E&G) buildings of institutions of higher education.

Analysis of Budget Request

Appropriation: 197 - Student Asst Grants/Scholarships

Funding Sources: HEG - Higher Education Grants

The Arkansas Department of Higher Education (ADHE) is requesting \$51,010,783 for FY08 and \$51,520,783 for FY09 in appropriation and funding for the Financial Aid & Scholarships Programs appropriation. Of these amounts, Change Level appropriations total \$815,000 for FY08 and \$1,325,000 for FY09 in appropriation only. No additional funding is requested beyond continuation of Base Level funding for each year of the new biennium. This appropriation is currently funded from a combination of general revenue, Higher Education Grants Fund balances, and Educational Excellence Trust Fund revenues, payable from the Higher Education Grants (HEG) Fund Account. The Change Levels are summarized as follows:

- **\$175,000 each year in appropriation only for the Dependents of POWS, MIAS, KIAS Program.** Any qualifying dependent of a disabled veteran, prisoner of war, or a person declared to be missing in action or killed in action shall be allowed to obtain a bachelor's degree free of tuition, fee, or other charges from an institution of higher education or vocational technical school. Changes in eligibility requirements have allowed more students to meet eligibility standards. ADHE projects a 62% growth in the number of eligible applicants for this program over the new biennium at an average cost of \$3,500/student annually.
- **\$10,000 for FY08 and \$20,000 for FY09 in appropriation only for the Second Effort Scholarships Program.** This program recognizes the importance of the General Educational Development Program for those citizens desiring to complete their high school degree and go on to enroll in a postsecondary education program. According to data collected by ADHE, the number of qualified high school students eligible for this program has increased by over 100% since 1997. ADHE currently has twenty (20) recipients for this program and projections are that this number will increase by ten (10) recipients for each year of the new biennium. Annual awards are established at a maximum of \$1,000/student.
- **\$130,000 each year in appropriation only for the Dependents of Law Enforcement Officers (LEO) Program.** The LEO Program provides college tuition assistance to dependents of law enforcement officers killed or disabled in the line of duty. ADHE expects a 20% growth in eligible applicants over the next biennium. The request for the new biennium is based on serving forty-two (42) students at an average tuition cost of \$6,000 each year.
- **Reallocation of \$81,717 each year from the Emergency Secondary Education Loans Program to the Targeted Teacher Development Program. This request would transfer the appropriation and funding associated with the Emergency Secondary Education Loans Program to the Targeted Teacher Development Program and result in elimination of the Emergency Secondary Education Loans Program.**
- **Increases of \$500,000 for FY08 and \$1,000,000 for FY09 in appropriation only for**

the Targeted Teacher Development Program. This program provides forgivable loans to eligible students to encourage students to continue the pursuit of a degree in teacher education. The number of recipients grew by sixty-two percent (62%) in FY06 over FY05 and continued growth over the new biennium is expected.

ADHE further requests several line item title changes associated with various financial aid and scholarship programs to more appropriately reflect statutory title descriptions. These are:

- Targeted Teacher Development Program **IQ** State Teacher Assistance Resource Program per ACA § 6-81-1501 and § 6-81-1403.
- Teacher/Administrator Grants (Teacher & Administrator Enhancement and Retraining Grant Program) **IQ** Teacher Opportunity Program per ACA § 6-81-602.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 197 Student Asst Grants/Scholarships
Funding Sources: HEG - Higher Education Grants

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
National Guard Tuition Asst. 5100004	455,657	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Teacher/Administrator Grants 5100004	258,198	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Workforce Improvement Grants 5100004	3,569,427	3,710,345	3,710,345	3,710,345	3,710,345	3,710,345	3,710,345	3,710,345	3,710,345
AR Geographical Critical Needs 5100030	0	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Dependents Of Law Enf. Officer 5100030	120,000	120,000	120,000	120,000	250,000	250,000	120,000	250,000	250,000
Dependents-POW'S, MIA'S, etc. 5100030	74,047	75,000	75,000	75,000	250,000	250,000	75,000	250,000	250,000
Fac/Admin Dev Matching 5100030	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Jr/Sr Minority Teacher Scholars 5100030	252,289	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Minority Masters Fellows 5100030	146,250	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000
Second Effort Scholarships 5100030	19,250	20,000	20,000	20,000	30,000	30,000	20,000	40,000	40,000
SREB Minority Doct Scholshp 5100030	0	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Tuition Adjustment 5110014	0	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Emerg Secondary Educ Loans 5120029	80,900	81,717	81,717	81,717	0	0	81,717	0	0
Targeted Teacher Development 5120029	1,996,261	2,500,000	2,500,000	2,500,000	3,081,717	3,081,717	2,500,000	3,581,717	3,581,717
AR Acad Challenge Scholshp 5900046	17,868,139	30,174,734	30,174,734	30,174,734	30,174,734	30,174,734	30,174,734	30,174,734	30,174,734
Arkansas Governor's Scholars 5900047	7,480,950	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000
Stud Undergraduate Research 5900048	150,218	153,987	153,987	153,987	153,987	153,987	153,987	153,987	153,987
Total	32,471,586	50,195,783	50,195,783	50,195,783	51,010,783	51,010,783	50,195,783	51,520,783	51,520,783

Funding Sources									
Fund Balance 4000005	28,440,253	38,722,722		31,734,633	31,734,633	31,734,633	23,931,544	23,931,544	23,931,544
Educational Excellence Fund 4000220	12,016,749	12,893,345		12,893,345	12,893,345	12,893,345	12,893,345	12,893,345	12,893,345
Gen Rev Higher Ed Grants 4000258	30,737,306	30,314,349		30,314,349	30,314,349	30,314,349	30,314,349	30,314,349	30,314,349
Total Funding	71,194,308	81,930,416		74,942,327	74,942,327	74,942,327	67,139,238	67,139,238	67,139,238
Excess Appropriation/(Funding)	(38,722,722)	(31,734,633)		(24,746,544)	(23,931,544)	(23,931,544)	(16,943,455)	(15,618,455)	(15,618,455)
Grand Total	32,471,586	50,195,783		50,195,783	51,010,783	51,010,783	50,195,783	51,520,783	51,520,783

For FY06, a total of \$350,000 in funds were transferred to applicable institutions of higher education to support Tuition Adjustment costs.

For FY06, a total of \$199,750 in funds & appropriation were transferred to UAPB for costs of the Arkansas Geographical Needs Program.

Fund Balance is utilized to fund Change Levels for each year resulting in a decreased fund balance under the Agency Request/Executive Recommendation columns.

Change Level by Appropriation

Appropriation: 197-Student Asst Grants/Scholarships

Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	50,195,783	0	50,195,783	100.0	50,195,783	0	50,195,783	100.0
C03	Discontinue Program	(81,717)	0	50,114,066	99.8	(81,717)	0	50,114,066	99.8
C05	Unfunded Appropriation	896,717	0	51,010,783	101.6	1,406,717	0	51,520,783	102.6

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	50,195,783	0	50,195,783	100.0	50,195,783	0	50,195,783	100.0
C03	Discontinue Program	(81,717)	0	50,114,066	99.8	(81,717)	0	50,114,066	99.8
C05	Unfunded Appropriation	896,717	0	51,010,783	101.6	1,406,717	0	51,520,783	102.6

Justification

C03	Act 1804 of 2003 repealed the Emergency Secondary Education Loan Program and created the State Teacher Assistance Resource Program. The request is to reflect the elimination of the program and transfer of the appropriation to the State Teacher Assistance Resource Program (STAR) for each year of the 2007-2009 biennium.
C05	The request addresses the need for additional appropriation for various Student Assistance Grants, Loans, and Scholarships made payable from the Higher Education Grant Fund. Second Effort Scholarships, Military Dependents Scholarship, Law Enforcement Officers Dependents, and State Teacher Assistance Resource Program (STAR) are programs that have shown a marked increase in eligible participants. Part of the increase in the STAR Program (\$81,717 each year) is a result of the requested transfer of appropriation from the Emergency Secondary Education Loan Program. These increases will allow the Department to meet participant demand expected for each year of the 2007-09 biennium.

Analysis of Budget Request

Appropriation: 1GF - Improving Teacher Quality

Funding Sources: FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education (ADHE) requests Base Level appropriation authority totaling \$1,565,258 each year of the 2007-09 biennium for the Improving Teacher Quality - Federal appropriation. This program is federally funded through the U.S. Department of Education and places major emphasis upon teacher quality as a factor in improving student achievement. Also known as the No Child Left Behind Program, the importance of preparing, training, and recruiting high quality teachers and principals is stressed through competitive grants to institutions of higher education.

Base Level is requested for each year of the 2007-2009 biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1GF Improving Teacher Quality
Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	4,190	26,856	26,856	26,856	26,856	26,856	26,856	26,856	26,856
Conference & Travel Expenses 5050009	2,652	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Professional Fees 5060010	2,100	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	1,050,758	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	1,059,700	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258
Funding Sources									
Federal Revenue 4000020	1,059,700	1,565,258		1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258
Total Funding	1,059,700	1,565,258		1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,059,700	1,565,258		1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258

Analysis of Budget Request

Appropriation: 2XK - TANF

Funding Sources: FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education (ADHE) requests appropriation authority totaling \$12,503,999 each year of the 2007-09 biennium for the Temporary Assistance to Needy Families (TANF) - Federal appropriation. TANF is currently authorized to ADHE through the Miscellaneous Federal Grant process. This program is federally funded through the U.S. Department of Health & Human Services and provides educational and training services to recipients deemed eligible under the TANF Block Grant. ADHE intends to continue collaborative efforts with applicable two-year institutions of higher education to coordinate services designed to increase client self-sufficiency and job training skills.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

Change Levels totaling \$12,503,999 each year, which includes personal services costs for six (6) positions, is requested for each year of the 2007-2009 biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2XK TANF
Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008		2008-2009			
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	304,175	378,444	0	0	378,444	378,444	0	378,444	378,444
#Positions		6	6	0	0	6	6	0	6	6
Extra Help	5010001	2,500	25,000	0	0	25,000	25,000	0	25,000	25,000
#Extra Help		1	2	0	0	2	2	0	2	2
Personal Services Matching	5010003	79,039	99,363	0	0	103,762	103,762	0	103,762	103,762
Operating Expenses	5020002	70,650	257,000	0	0	257,000	257,000	0	257,000	257,000
Conference & Travel Expenses	5050009	11,486	20,000	0	0	20,000	20,000	0	20,000	20,000
Professional Fees	5060010	9,386	65,000	0	0	65,000	65,000	0	65,000	65,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	3,749,609	11,644,793	0	0	11,644,793	11,644,793	0	11,644,793	11,644,793
Capital Outlay	5120011	0	10,000	0	0	10,000	10,000	0	10,000	10,000
Total		4,226,845	12,499,600	0	0	12,503,999	12,503,999	0	12,503,999	12,503,999
Funding Sources										
Federal Revenue	4000020	4,226,845	12,499,600		0	12,503,999	12,503,999	0	12,503,999	12,503,999
Total Funding		4,226,845	12,499,600		0	12,503,999	12,503,999	0	12,503,999	12,503,999
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		4,226,845	12,499,600		0	12,503,999	12,503,999	0	12,503,999	12,503,999

For the 2005-07 biennium, this appropriation was established through the authority of the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation:

2XK-TANF

Funding Sources:

FCP - Dept. of Higher Education - Federal

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	x	0	0	0	x
C06	Restored Position	12,503,999	6	12,503,999	x	12,503,999	6	12,503,999	x

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	100.0	0	0	0	100.0
C06	Restored Position	12,503,999	6	12,503,999	100.0	12,503,999	6	12,503,999	100.0

Justification

C06 This program is currently authorized through the Miscellaneous Federal Grant process and was initiated in March, 2005 with a goal of serving as many of the 193,000 eligible population as possible. Fiscal year 2006 was the first full year of the program and more than 2,000 participants were served with over 500 of these receiving either certificates or associate degrees. The program is entering the second year and fiscal year 2007 is expected to see an increase in the number of eligible participants. The request is for continuation of positions and other program costs at a level necessary to meet anticipated demand for each year of the 2007-09 biennium.

Analysis of Budget Request

Appropriation: 772 - Teacher Educ-Fed Programs

Funding Sources: FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education (ADHE) requests appropriation authority totaling \$404,135 each year of the 2007-09 biennium for the Technical Education - Federal Programs appropriation. This program is federally funded through the U.S. Department of Education and provides technical education services to applicable institutions of higher education.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

Of the full amount requested, Change Levels total \$66,573 each year of the new biennium for Professional Fees. According to ADHE, this request will provide support for development and implementation of new and innovative programs to promote career and technical education efforts in the State.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 772 Teacher Educ-Fed Programs
Funding Sources: FCP - Dept. of Higher Education - Federal

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	117,356	125,350	149,304	125,350	125,350	125,350	125,350	125,350	125,350
#Positions	2	2	2	2	2	2	2	2	2
Personal Services Matching 5010003	30,163	37,825	36,242	33,784	33,784	33,784	33,784	33,784	33,784
Operating Expenses 5020002	38,855	85,711	85,711	85,711	85,711	85,711	85,711	85,711	85,711
Conference & Travel Expenses 5050009	14,755	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Professional Fees 5060010	0	73,717	73,717	73,717	140,290	73,717	73,717	140,290	73,717
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	201,129	341,603	363,974	337,562	404,135	337,562	337,562	404,135	337,562
Funding Sources									
Federal Revenue 4000020	201,129	341,603		337,562	404,135	337,562	337,562	404,135	337,562
Total Funding	201,129	341,603		337,562	404,135	337,562	337,562	404,135	337,562
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	201,129	341,603		337,562	404,135	337,562	337,562	404,135	337,562

The FY07 Budgeted amount in Regular Salaries and/or Personal Service Matching exceeds the Authorized Level due to salary and matching rate adjustments during the 2005-07 biennium.

Change Level by Appropriation

Appropriation: 772-Teacher Educ-Fed Programs

Funding Sources: FCP - Dept. of Higher Education - Federal

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	337,562	2	337,562	100.0	337,562	2	337,562	100.0
C01	Existing Program	66,573	0	404,135	119.7	66,573	0	404,135	119.7

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	337,562	2	337,562	100.0	337,562	2	337,562	100.0
C01	Existing Program	0	0	337,562	100.0	0	0	337,562	100.0

Justification

C01 The Professional Fees request is to support new multiple model project/pilot projects to be implemented to meet state leadership requirements. The purpose of the model projects is to encourage implementation of new and innovative programs for career and technical education. Many of these projects will require the use of professional consultants to develop programs or provide a service. Potential projects include implementation of learning communities, development of retention strategies, creation of an online resource center, process mapping to identify gaps in support services for technical students, development of a leadership academy for faculty, and creation of a performance-based instruction design model.

Analysis of Budget Request

Appropriation: 921 - Dept Higher Educ - Cash in Treas

Funding Sources: NHE - Cash in Treasury

The Arkansas Department of Higher Education is requesting the continuation of Base Level of \$4,380 in cash appropriation as defined by Arkansas Code §19-4-801 for each year of the 2007-09 biennium. Appropriation is requested in order to provide the Department with authority in the event funds are received or donated from the private sector and to allow for expenditure of revenue from investments or interest bearing accounts.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 921 Dept Higher Educ - Cash in Treas
Funding Sources: NHE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	4,380	4,380	4,380	4,380	4,380	4,380	4,380	4,380
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	0	4,380	4,380	4,380	4,380	4,380	4,380	4,380	4,380
Funding Sources									
Fund Balance 4000005	4,855	5,022		642	642	642	0	0	0
Cash Fund 4000045	167	0		3,738	3,738	3,738	4,380	4,380	4,380
Total Funding	5,022	5,022		4,380	4,380	4,380	4,380	4,380	4,380
Excess Appropriation/(Funding)	(5,022)	(642)		0	0	0	0	0	0
Grand Total	0	4,380		4,380	4,380	4,380	4,380	4,380	4,380

Analysis of Budget Request

Appropriation: HEG - Health Education Grants

Funding Sources: HEG - Higher Education Grants

The Health Professions Financial Assistance Program of the Arkansas Department of Higher Education (ADHE) is responsible for developing rules and regulations for the Arkansas Health Education Grants (ARHEG) Program. ARHEG provides Arkansas residents financial assistance to attend certain out-of-state health and medical professional schools for graduate or professional programs not available in Arkansas. Education programs not offered in Arkansas are facilitated through contractual arrangements negotiated through the Southern Regional Education Board (SREB), of which Arkansas is a member. The State also contracts directly with out-of-state institutions for additional spaces or student slots at Non-SREB institutions. Such assistance is currently available for attendance at any accredited school of dentistry, veterinary medicine, optometry, osteopathy medicine, podiatric and chiropractic medicine. ARHEG is funded by general revenue payable from the Higher Education Grants (HEG) Fund.

ADHE's request for the various health education fields reflects continuation of Base Level appropriation and funding totaling \$3,776,547 for each year of the 2007-09 biennium for all Health Education Grants Program. No Change Levels are requested. Base Levels for each year by Health Education Program are as follows:

- Dental Aid Grants/Loans: \$1,970,000 each year
- Optometry Grants: \$341,600 each year
- Veterinary Aid Grants: \$913,347 each year
- Chiropractic Aid Grants: \$260,000 each year
- Osteopathy Aid Grants: \$179,800 each year
- Podiatry Aid Grants: \$111,800 each year

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: HEG Health Education Grants
Funding Sources: HEG - Higher Education Grants

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Chiropractic Aid	5100004	198,336	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Dental Aid Grants	5100004	1,422,463	1,610,000	1,610,000	1,610,000	1,610,000	1,610,000	1,610,000	1,610,000	1,610,000
Optometry Aid	5100004	316,400	341,600	341,600	341,600	341,600	341,600	341,600	341,600	341,600
Osteopathy Aid	5100004	122,700	179,800	179,800	179,800	179,800	179,800	179,800	179,800	179,800
Podiatry Aid	5100004	35,700	111,800	111,800	111,800	111,800	111,800	111,800	111,800	111,800
Veterinary Aid	5100004	834,335	913,347	913,347	913,347	913,347	913,347	913,347	913,347	913,347
Dental Aid Loans	5120029	264,870	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Total		3,194,804	3,776,547	3,776,547	3,776,547	3,776,547	3,776,547	3,776,547	3,776,547	3,776,547
Funding Sources										
General Revenue	4000010	3,194,804	3,776,547		3,776,547	3,776,547	3,776,547	3,776,547	3,776,547	3,776,547
Total Funding		3,194,804	3,776,547		3,776,547	3,776,547	3,776,547	3,776,547	3,776,547	3,776,547
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,194,804	3,776,547		3,776,547	3,776,547	3,776,547	3,776,547	3,776,547	3,776,547

Analysis of Budget Request

Appropriation: 4HU - Elementary Science Spec Prgm

Funding Sources: HEG - Higher Education Grants

The Elementary Science Specialist Program is currently authorized by Act 39 of the First Extraordinary Session of 2006. This program authorizes ADHE to award grants to various institutions of higher education for Elementary Science Education initiatives. This appropriation is funded from the Higher Education Grants Fund. An appropriation totaling \$570,303 is made to the Department of Higher Education for fiscal year ending June 30, 2007.

This appropriation is not requested to be reauthorized by the Department of Higher Education for the 2007-09 biennium.

The Executive Recommendation denies the Agency Request to eliminate the appropriation and recommends continuation of the program as appropriated for the new biennium.

Appropriation Summary

Appropriation: 4HU Elementary Science Spec Prgm
Funding Sources: HEG - Higher Education Grants

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	570,303	570,303	570,303	0	570,303	570,303	0	570,303
Total	0	570,303	570,303	570,303	0	570,303	570,303	0	570,303
Funding Sources									
Gen Rev Higher Ed Grants 4000258	0	570,303		570,303	0	570,303	570,303	0	570,303
Total Funding	0	570,303		570,303	0	570,303	570,303	0	570,303
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	570,303		570,303	0	570,303	570,303	0	570,303

This appropriation is authorized by Act 39 of the 1st Extraordinary Session of 2006 for fiscal year ending June 30, 2007. ADHE does not request reauthorization of this program for the 2007-09 biennium. The Executive Recommendation provides for continuation of funding for this program from the Higher Education Grants Fund for each year of the 2007-09 biennium.

Change Level by Appropriation

Appropriation: 4HU-Elementary Science Spec Prgm

Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	570,303	0	570,303	100.0	570,303	0	570,303	100.0
C03	Discontinue Program	(570,303)	0	0	0.0	(570,303)	0	0	0.0

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	570,303	0	570,303	100.0	570,303	0	570,303	100.0
C03	Discontinue Program	0	0	570,303	100.0	0	0	570,303	100.0

Justification

C03	Act 39 of the 1st Extraordinary Session of 2006 authorizes ADHE to provide funding for the provision of grants for elementary science initiatives at various institutions of higher education. ADHE is not requesting continuation of this program for the 2007-09 biennium.
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